V. INDUSTRY AND COMMERCE.

Recent Movements of Prices in the United States.—The question is asked on every hand: Is American prosperity at an end? Is it indeed true that the United States, having reached the zenith of good times, must now descend into the valley of industrial depression? Prosperity is largely a question of prices. As long as the prices of commodities are well sustained, business men can meet their obligations when due, corporation earnings continue large, the values of securities, although they may individually decline, are not generally and seriously affected; a ready sale is found for all products, and both employment and wages are well sustained. These favorable conditions, taken together, make up what we know as prosperity. The following table of export prices, compiled from the financial tables of the Monthly Summary of Finance and Commerce for July, 1901, throws some light on the industrial situation:

MONTHLY AVERAGE EXPORT PRICES OF PRINCIPAL DOMESTIC ARTICLES.

	Unit.	1900. July.	1900. Oct.	1901. Jan.	1901. April.	1901. July.
1. Breadstuffs—Corn . .	Bu.	$0 473	$0 469	$0 441	$0 494	$0 506
2. Wheat	Bu.	741	723	712	738	728
3. " Flour	Bbl.	3 89	3 71	3 70	3 74	3 64
4. Coal—Anthracite . .	Ton.	4 17	4 29	4 50	4 55	4 43
5. Bituminous	Ton.	2 30	2 51	2 29	2 46	2 43
6. Copper	Lb.	164	164	164	163	166
7. Cotton—Raw	Lb.	098	099	097	085	087
8. Manufactured (colored cloths)	Yd.	061	059	058	056	052
9. Pig Iron	Ton.	18 44	14 55	14 56	14 70	16 62
10. Refined Petroleum . .	Gal.	070	063	063	068	062
11. Fresh Beef	Lb.	089	092	092	090	090
12. Bacon	Lb.	078	081	084	091	088
13. Woods (boards, deals and planks)	M. ft.	17 96	18 78	17 55	16 99	17 75

The evidence of this table does not indicate that industrial depression threatens the United States. Seven out of the twelve articles selected to form the basis of our comparison, show an advance in price during the first six months of the present year, and the rise in pig iron has been considerable, showing that a large amount of new

construction is still going forward. If the course of commodity prices is any guide to a forecast of the future, the industrial position of the United States is still secure.

Bradstreet's index number, made up from the prices of 105 commodities, shows indeed some decline from the high level reached in 1899, but remains much above the figures of 1898 and the first six months of 1899. The figures are as follows:

Date.	Index Number.	Date.	Index Number.
July 1, 1897	66,937	October 1, 1899 . . .	86,796
October 1, 1897	73,277	January 1, 1900 . . .	90,971
January 1, 1898	74,184	April 1, 1900	91,175
April 1, 1898	73,586	July 1, 1900	86,815
July 1, 1898	75,570	October 1, 1900 . . .	87,757
October 1, 1898	76,562	January 1, 1901 . . .	84,873
January 1, 1899	77,819	April 1, 1901	83,663
April 1, 1899	79,086	August 1, 1901 . . .	84,396
July 1, 1899	80,818		. . .

It may be seen from this table that on August 1, 1901, wholesale prices were 20.7 per cent higher than on July 1, 1897; 7.8 per cent higher than on January 1, 1899; 4.2 per cent higher than on July 1, 1899, and only 7.4 per cent lower than on April 1, 1900, which was the highest point reached.

Federal Industrial Commissions Report on Trusts.—The Industrial Commission has prepared for transmission to Congress, in December, a critical review of the evidence presented before it by a number of representatives of the leading industrial combinations in the United States on different phases of the trust question.

The following are the more important of the conclusions drawn by the commission:

1. Excessive competition is the chief cause of the formation of industrial combinations.
2. The protection tariff has not been an important factor in their formation.
3. The important savings effected by consolidation are as follows:
    a. The adaptation of supply to demand by the regulation of production.
    b. The advantage of carrying smaller stocks of goods, saving interest, insurance and storage.
    c. The possibility of running factories full time often resulting in a saving of 4 to 8 per cent over the cost of production when running half time.

d. Standardizing of a large product and reduction of the number of styles of goods, both causing a reduction in producing cost.

e. Larger use of special machinery, and more careful adaptation of workmen and superintendents to the departments for which they are best suited.

f. Important savings, in the cost of selling and advertising, in smaller losses from bad debts, and in the saving of cross freights.

4. The capitalization of the United States Steel Corporation exclusive of the Carnegie and Rockefeller companies included $389,918,111 issued for good will.

5. There is no evidence that the combinations have made arbitrary advances in the prices of raw materials.

6. None of the combinations has acquired an absolute monopoly in its line of industry. The United States Steel Corporation, for example, controls between 65 and 75 per cent of the steel industry of the United States.

7. The testimony of substantially all of the combination men is to the same effect—that unless a combination has either some natural monopoly of the raw material, or is protected by a patent, or possibly has succeeded in developing some very popular style or trade-marks or brands, any attempt to put prices at above competitive rates will result eventually in failure, although it may be temporarily successful. On the other hand, by securing control of trade-marks, or by creating a demand for certain brands through skillful advertising, very material advances in prices may often be made.

8. The charge has been very frequently made that the great combinations are able at times to follow their smaller competitors into local markets, to make prices very low there in order to ruin their rivals, then to recoup themselves by higher prices in the general market. Such a course of procedure is generally looked upon as an unfair method of competition. So far as evidence has been taken before the commission, it does not seem that this practice has been followed by the steel manufacturers.

9. In regard to concessions in export prices the commission says: "It has been frequently stated that the prices of goods for export are considerably lower than those for the home markets. This is charged against the combinations as a business practice that is not justifiable, and in some instances it is claimed that the protective tariff aids the trust in this practice. On the other hand, not merely the managers of the combinations, but other

business men, claim that the practice is justifiable on sound business reasons in the interest of the laborers and consumers as well as of the manufacturers, and that it is one that is practically universal in all countries. . . . .

"Mr. Butler, an iron merchant in Chicago, says that this principle of selling goods for export lower than to home consumers applies not merely to foreign sales, but is practically a universal custom even within the home market. A manufacturer in Chicago, for example, will make, relatively speaking, lower prices to the purchaser in Omaha than to one in Peoria, to one in Denver than to one in Omaha, and to one in San Francisco than to one in Denver. The reason is . . . the fact that every dealer is anxious to extend his sales, and will make whatever sacrifices are necessary to get the market so long as he is not working at an absolute loss. The further he goes, the greater his expenses are and the greater the pressure there is on him; consequently the lower are his prices."

10. In regard to labor unions and wages, the commission finds that most of the combinations have maintained the relations with labor organizations which already existed. The commission also finds that while wages have been raised by the combinations in many instances, it is impossible to say that the advance has not been caused by general trade conditions independent of any peculiar form of organization.

11. The opinion of the commission on the best remedies for the "trust evil," is expressed as follows:

"Probably most of the witnesses think that something could be gained in the way of greater publicity regarding the business of the combinations, but some of the witnesses speak distinctly against any special degree of publicity."

This outcome of the prolonged efforts of the commission is sufficiently non-committal to satisfy the most exacting.

American Invasion of Europe.—One of the points of advantage in international competition upon which Americans have always prided themselves, is the cheaper and more efficient transportation facilities which this country enjoys as compared with Europe. This applies to steam railways but more especially to urban transportation. American transportation development has run far ahead of the best achievements of Europe. It is of great interest to note, therefore, that European transportation methods are likely to be brought up to the American standards by American capital and American initiative. Mr. Yerkes' operations in London are already familiar. Mr. George Westinghouse has interested himself in a project to consolidate, extend and re-equip

the tram lines of Paris. Pittsburg capitalists are seeking to obtain control of the streets of St. Petersburg, and most astonishing of all, an American syndicate has recently made a responsible proposition to the board of the Southeastern Railway of England, offering to take over and operate the line on a forty year lease, to guarantee three per cent on the capital and to increase this guarantee to five per cent during the term of the lease. This offer was coupled with an agreement to deposit a bond of $5,000,000. The syndicate making the offer expects to make a substantial return over this guarantee by introducing American methods of management.